

32nd ALASKA STATE LEGISLATURE
FIRST SESSION
SPECIAL SESSION
CONFERENCE COMMITTEE ON HB 69 and HB 71
June 4, 2021
10:01 a.m.

10:01:30 AM

CALL TO ORDER

Chair Foster called the Conference Committee meeting on HB 69 and HB 71 to order at 10:01 a.m.

MEMBERS PRESENT:

House:

Representative Neal Foster, Chair
Representative Kelly Merrick
Representative Bart LeBon

Senate:

Senator Bert Stedman, Vice-Chair
Senator Click Bishop
Senator Donny Olson

MEMBERS ABSENT

None

ALSO PRESENT:

Alexei Painter, Director, Legislative Finance Division.

SUMMARY

HB 69 APPROP: OPERATING BUDGET/LOANS/FUNDS

HB 69 was HEARD and HELD in committee for further consideration.

HB 71 APPROP: MENTAL HEALTH BUDGET

HB 71 was HEARD and HELD in committee for further consideration.

#HB69

#HB71

CS FOR HOUSE BILL NO. 69(FIN) am(brf sup maj fld)(efd fld)

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; and making capital appropriations, supplemental appropriations, and reappropriations."

SCS CSHB 69(FIN) AM S

"An Act making appropriations for the operating and loan program expenses of state government and for certain programs; capitalizing funds; amending appropriations; making capital appropriations, supplemental appropriations, and reappropriations; and providing for an effective date."

and

CS FOR HOUSE BILL NO. 71(FIN) am

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; making supplemental appropriations; and providing for an effective date."

SENATE CS FOR CS FOR HOUSE BILL NO. 71(FIN)

"An Act making appropriations for the operating and capital expenses of the state's integrated comprehensive mental health program; making capital appropriations and supplemental appropriations; and providing for an effective date."

10:01:58 AM

Chair Foster invited Alexei Painter, Director of the Legislative Finance Division to join the committee at the table. He noted that the committee would address open items in HB 69 and HB 71 based on the motion sheets distributed to members and dated June 4th (copy on file). They included Supplemental Capital Budget items and a few American Rescue Plan items from the Operating Budget. Because there was not a version of the Capital budget that passed the House, any

item adopted would be a Senate item. He noted that the House and Senate Co-Chairs for the Capital budget worked in tandem developing the version before the Conference Committee. He thanked them for their cooperation in getting it before the committee.

Chair Foster continued that the items the conference committee would take up in the Operating budget would also be Senate items, as the House's version of the budget passed before the guidelines were received from the Treasury Department regarding the American Rescue Plan. He thanked the Senate for their work in getting the committee items that conformed with the guidelines. The committee would take up items in the following departments:

FY 21 Supplemental Capital:

Department of Commerce, Community and Economic Development
Department of Fish and Game
Office of the Governor
Department of Labor and Workforce Development
Department of Military and Veterans Affairs
Department of Natural Resources
Department of Transportation and Public Facilities
Judiciary
Legislature
Fund Transfers

FY 22 Operating Budget:

Department of Corrections
Office of the Governor
Department of Public Safety

^DEPARTMENT OF COMMERCE, COMMUNITY AND ECONOMIC
DEVELOPMENT: FY 21 SUPPLEMENTAL CAPITAL BUDGET

[10:04:02 AM](#)

Vice-Chair Stedman MOVED to ADOPT the following within the Department of Commerce, Community and Economic Development supplemental capital budget:

Items 1-8	Open
Items 9-10	Open
Item 11-14	Senate
Item 15	Senate

Item 16	Senate
Item 17	Senate
Item 18-26	Senate
Item 27	Senate

Representative LeBon OBJECTED for discussion. He asked for an explanation for the benefit of the committee and the listening audience.

Chair Foster asked Mr. Painter to review the items. The items were reappropriations.

10:05:43 AM

ALEXEI PAINTER, DIRECTOR, LEGISLATIVE FINANCE DIVISION, explained that items 11-27 were legislatively generated reappropriations of lapsing capital projects to new needs. He believed both bodies worked to develop them, and the items were added in the Senate budget.

Chair Foster reported that in years past the legislature dealt with reappropriations in one of two ways. They were either placed in one bucket and used for deferred maintenance, or they were given back to their respective communities. He asked if he was correct.

Mr. Painter responded affirmatively. He noted when money lapsed for capital projects in a certain district, the legislature made the funds available for reappropriation to new projects in the same district - a practice reflected in the bill. In some years all lapsing money was swept into a central area. In the current budget, the money would remain in the respective districts.

Representative LeBon suggested that some of the projects were new within the districts and some were continuations of projects. He wondered if any continuation of projects were not in the report and were being dealt with separately. Mr. Painter replied that some were scope changes. For example, item 15 expanded the scope of an existing project. In most cases it was a new project within the same community.

Senator Olson highlighted item 15. He did not see an amount but noticed it had been expanded to include the purchase of curling equipment for the curling club in Anchorage. he asked if he was accurate. Mr. Painter responded, "Yes." It

was an existing capital project which would allow the grantee to purchase equipment and expand the facility.

Senator Olson asked for the amount related to the project. Mr. Painter could get back to the committee with the amount still unobligated to the project. He believed the amount was less than \$100,000.

Senator Bishop pointed out that there were both minority member projects and majority member projects on the list for both the House and the Senate.

Vice-Chair Stedman added that some districts had reappropriation funds available and some did not. Historically, the legislature left lapsing funds in the House district in which they were originally appropriated. Normally, the elected official from a district worked with district officials to make sure they were aware of available or lapsed funds and received updates for the capital budget chairman for capital projects. As it was mentioned earlier, for a few years the reappropriations were diverted to the capital income fund to be used for general maintenance across the state. There were two methodologies that had been used.

Representative LeBon WITHDREW his OBJECTION.

There being NO OBJECTION, items 1 through 27 for the Department of Commerce, Community and Economic Development were ADOPTED.

^DEPARTMENT OF FISH AND GAME: FY 21 SUPPLEMENTAL CAPITAL BUDGET

[10:10:51 AM](#)

Vice-Chair Stedman MOVED to ADOPT the following within the Department of Fish and Game supplemental capital budget:

Item 1	Senate
Item 2	Open

Representative LeBon OBJECTED. He asked for more information regarding item 1.

Mr. Painter explained that item 1 was part of the governor's original capital request for FY 21 that was left

off because of the truncated session that did not fund all of the projects. The item was part of the governor's supplemental request. The House had originally planned to address the issue in the main capital budget but with the change in plans the Senate added it to the operating budget.

Representative LeBon asked for Mr. Painter to identify the funding source and provide additional background. Mr. Painter replied that the funding source was the capital income fund which was designated in statute to deferred maintenance. He noted there was a centralized deferred maintenance program run by the Department of Transportation and Public Facilities that was budgeted through the Office of Management and Budget. However, the program was focused primarily on buildings. Since the items were largely vessels and aircraft, having a separate appropriation helped with prioritization between buildings and aircraft and allowed a side-by-side comparison.

Representative LeBon WITHDREW his OBJECTION.

Senator Olson OBJECTED. He asked how aircraft hangers were handled.

Mr. Painter thought the facilities portion would cover any deferred maintenance issues related to hangers. He was unsure whether the Department of Fish and Game (DFG) owned any hangers.

Senator Olson asked if the appropriation included hangers. Mr. Painter was unaware of DFG owning any hangers. He believed most of their aircraft were float planes.

Senator Olson WITHDREW his OBJECTION.

There being NO OBJECTION, items 1 and 2 for the Department of Fish and Game were ADOPTED.

^OFFICE OF THE GOVERNOR

10:13:36 AM

Vice-Chair Stedman MOVED to ADOPT the following within the Office of the Governor's supplemental capital budget:

Item 1 Senate

Item 2 Senate
Item 3 Senate

Representative LeBon OBJECTED. He asked for information regarding item 1 and wondered if there was a dollar amount for item 3.

Mr. Painter replied that item 1 was the centralized deferred maintenance appropriation to the Office of the Governor that the Office of Management and Budget would assign to the departments based on the prioritized list statewide. There was a similar appropriation in the FY 22 capital budget that was larger. The amount listed was the amount requested in the governor's fast track supplemental for deferred maintenance needs. The fund source was the Alaska Capital Income Fund. He was unsure of the remaining amount for item 3. The item was a scope change allowing additional spending on Ballot Measure 2. He believed the amount was under \$1 million but did not have the exact figure.

Representative LeBon was wondering if anyone in the room had a dollar amount.

10:15:21 AM
AT EASE

10:25:12 AM
RECONVENED

Chair Foster indicated the committee was discussing item 3 in the Office of the Governor's budget.

Mr. Painter relayed that \$1.86 million remained unobligated in the existing appropriation. About \$600,000 was needed for Ballot Measure 2. The remaining amount was needed for other items for election voting system replacement and security upgrades as well as government efficiency efforts. There was an additional appropriation of \$590,000 in the supplemental operating budget. All combined, they added up to the amount needed to implement Ballot Measure 2.

Representative LeBon WITHDREW his OBJECTION.

There being NO OBJECTION, items 1 through 3 for the Office of the Governor were ADOPTED.

^DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT: FY 21
SUPPLEMENTAL CAPITAL BUDGET

[10:26:20 AM](#)

Vice-Chair Stedman MOVED to ADOPT the following within the Department of Labor and Workforce Development supplemental capital budget:

Item 1 Senate

Representative LeBon OBJECTED and asked for additional information.

Mr. Painter explained that part of the American Rescue Plan, the federal COVID relief bill, gave grants to states for upgrading Unemployment Insurance mainframe systems - He elaborated that part of the experience of the Cares Act in previous bills that used state unemployment systems found that many of them were sorely in need of upgrades. Alaska had a grant of \$600 million that could be used to upgrade its system.

Representative LeBon WITHDREW his OBJECTION.

There being NO OBJECTION, item 1 for the Department of Labor and Workforce Development was ADOPTED.

^Department of Military and Veterans Affairs: FY 21
Supplemental Capital Budget

[10:27:22 AM](#)

Vice-Chair Stedman MOVED to ADOPT the following within the Department of Military and Veterans Affairs supplemental capital budget:

Item 1	Senate	Both Items
Item 2	Senate	Both Items
Item 3	Senate	Both Items
Item 4	Senate	Both Items
Item 5	Senate	

Representative LeBon OBJECTED. He thought the items appeared to be matching funds. The fund source was a combination of federal receipts and Alaska capital funding.

He asked if he was correct. Mr. Painter responded, "That's correct."

Representative LeBon asked if item 4 was related to specific projects or from a list to be determined. Mr. Painter relayed there was a list in the capital backup that he could provide to the committee.

Representative LeBon asked if specific projects had been assigned dollar amounts. He wondered if the detail was available presently. Mr. Painter did not bring the capital backup with him.

Representative LeBon responded that he could find the information at a later time. He asked if item 5 applied to FY 21. Mr. Painter responded that the appropriation was due to the transfer of the Alaska Land Mobile Radio Program from the Department of Administration to the Department of Military and Veterans Affairs. It was simply a reappropriation of existing capital projects from one department to another without changing the purpose.

Representative LeBon asked if the figure was the original dollar amount or whether some of the money had already been spent and the amount reflected lapsing funds. Mr. Painter replied that the figure was the unexpended amount rather than lapsing funds. The reappropriation was to change the department to reflect the current department that managed the program.

Representative LeBon WITHDREW his OBJECTION.

There being NO OBJECTION, items 1-5 for the Department of Military and Veterans Affairs were ADOPTED.

^DEPARTMENT OF NATURAL RESOURCES: FY 21 SUPPLEMENTAL CAPITAL BUDGET

Vice-Chair Stedman MOVED to ADOPT the following within the Department of Natural Resources supplemental capital budget:

Item 1 Open
Item 2 Senate

There being NO OBJECTION, item 1 and item 2 for the Department of Natural Resources were ADOPTED.

^DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES: FY 21
SUPPLEMENTAL CAPITAL BUDGET

10:30:00 AM

Vice-Chair Stedman MOVED to ADOPT the following within the Department of Transportation and Public Facilities supplemental capital budget:

Item 1	Senate
Item 2	Senate
Item 3	Senate - Modify fund source, 1265 COVID Fed
Item 4	Senate
Item 5	Senate

Representative LeBon OBJECTED. He asked if item 1 and item 2 offset each other. He asked for further information.

Mr. Painter responded that the items were not related to each other. Item 1 was similar to the items within Department of Military and Veterans Affairs. He explained there had been a reorganization of the executive branch where the management of state facilities had moved from the Department of Administration to the Department of Transportation and Public Facilities specifically for the public building fund. It reappropriated existing outstanding capital projects from the Department of Administration to the Department of Transportation and Public Facilities which reflected where the program was currently budgeted. Item 2 was a reappropriation from the capital budget to the operating budget. The other half was supplemental fund transfers, item 3, which the Conference Committee addressed in the prior week.

Representative LeBon referred to item 4 and asked if it was debt service related to the Alaska International Airport system. He thought the amount was \$30 million in debt service. He wondered if the substitute for funding the debt service was COVID monies. He wondered if it was a one-time use of the funding.

Mr. Painter responded affirmatively. He explained that the various federal relief acts included significant funding for airports. The international airport system wanted to use part of the funding to pay down debt service because the amount was beyond what they needed for current

operations. It allowed them to pay down some of their debt service.

Representative LeBon asked if the state would be saving UGF monies to be used for other purposes. Mr. Painter replied that the international airports were self-sustaining. It would not impact the general fund.

Representative LeBon asked for further explanation of item 5. Mr. Painter responded that in years with extreme weather events that caused damaged to state roads and state facilities, the Department of Transportation and Public Facilities often needed to request a specific supplemental of a few \$100,000 at a time. Rather than having to make a request each time, the department wanted the amount of money to cover future weather events without having to wait for the legislature to reconvene potentially months later.

Representative LeBon clarified the amount was \$1 million. Mr. Painter responded, "Correct."

Representative LeBon WITHDREW his OBJECTION.

There being NO OBJECTION, items 1 through 5 for the Department of Transportation and Public Facilities were ADOPTED.

^JUDICIARY: FY 21 SUPPLEMENTAL CAPITAL BUDGET

[10:34:17 AM](#)

Vice-Chair Stedman MOVED to ADOPT the following within Judiciary's supplemental capital budget:

Item 1 Senate

There being NO OBJECTION, item 1 for Judiciary was ADOPTED.

^LEGISLATURE: FY 21 SUPPLEMENTAL CAPITAL BUDGET

[10:34:38 AM](#)

Vice-Chair Stedman MOVED to ADOPT the following within the Legislature's supplemental capital budget:

Item 1 Senate

There being NO OBJECTION, item 1 for the Legislature was ADOPTED.

^Fund Transfers: FY 21 Supplemental Capital Budget

10:35:01 AM

Vice-Chair Stedman MOVED to ADOPT the following fund transfers within the supplemental capital budget:

Item 1	Senate
Item 2	Senate

Representative LeBon OBJECTED. He commented that the House did not weigh in on many of the related projects. He asked for an explanation for clarification purposes.

Representative LeBon WITHDREW his OBJECTION.

There being NO OBJECTION, items 1 and 2 for Fund Transfers were ADOPTED.

Chair Foster concluded the Supplemental Capital portion of the meeting. The committee would move to the FY 22 operating budget. The items involved the American Rescue Plan funds. The guidelines came in after the House passed its budget. The items made conforming adjustments. The committee would begin with the Department of Corrections.

^Department of Corrections

10:36:29 AM

Vice-Chair Stedman MOVED to ADOPT the following within the Department of Corrections budget:

Items 1-5	Open	
Items 6-10	Open	
Items 11-15	Open	
Items 16-17	Open	
Items 18-19	Senate	All Items

Representative LeBon OBJECTED and asked for some background information.

Mr. Painter explained that the House used some of the American Rescue Plan dollars for revenue replacement, which

was an allowable use and an allowable place to do so. After the House process and working collaboratively with the administration, he developed a way to do the revenue replacement without creating a distortion in the budget that the House method provided. The House changed from general funds to federal funds creating the appearance that general funds went down. In the Senate version there was an appropriation of American Rescue Plan dollars to the general fund. In order to do revenue replacement, the legislature would appropriate using a general fund tracking code to the specific items for revenue replacement. It would allow the items to remain counted as general funds without appearing to distort the budget. It would also demonstrate to the federal government that the state was using the funding for allowable items. The House method, while it worked, would not be as clean as what could be done at the Conference Committee.

Representative LeBon WITHDREW his OBJECTION.

There being NO OBJECTION, items 1 through 19 for Department of Corrections were ADOPTED.

^Office of the Governor

[10:39:07 AM](#)

Vice-Chair Stedman MOVED to ADOPT the following within the Office of the Governor's budget:

Item 1	Senate	Both items
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There being NO OBJECTION, item 1 for the Office of the Governor was ADOPTED.

^Department of Public Safety

[10:39:34 AM](#)

Vice-Chair Stedman MOVED to ADOPT the following within the Department of Public Safety budget:

Item 7	Senate	Both items
Item 9	Open	

There being NO OBJECTION, items 7 and 9 for the Department of Public Safety were ADOPTED.

Chair Foster relayed that once the next meeting date and time was determined, the details would be noticed on BASIS at www.akleg.gov. He thought the next meeting would not be before Monday.

Vice-Chair Stedman MOVED to ADJOURN. There being NO OBJECTION, it was so ordered.

ADJOURNMENT

10:40:46 AM

The meeting was adjourned at 10:40 a.m.